



Excise Taxes Newsletter

In This Issue . . .

California Tire Fee

1. Tire fee will increase to \$1.75 on January 1

Cigarette and Tobacco Products Tax

2. New invoice requirement
3. Tax stamps required for all packages of cigarettes
4. Reporting suspected tax evasion

Emergency Telephone Users Surcharge

5. Emergency telephone users surcharge rate reduced

All Tax and Fee Programs

6. Civil behavior in trying times
7. Ethics at work—"thank you" is enough

For More Information

Contact us

Copies of legislative bills

CALIFORNIA TIRE FEE

1. Tire fee will increase to \$1.75 on January 1

On January 1, 2005, the California tire fee will increase to \$1.75 per tire. This new rate is the result of the passage of Assembly Bill 923 (Stats. 2004, ch. 707).

The new law also reduces the allowable reimbursement for collecting the fees from 3 percent of the fee collected to 1.5 percent.

If you collect more than \$1.75 per tire from your customers after January 1, 2005, you must pay the excess amount to the state or reimburse your customer.

The new tire fee rate will remain in effect through December 31, 2006, after which it will decrease to \$1.50 per tire. Beginning January 1, 2015, the fee will drop to \$0.75 per tire.

Tire fee returns for transactions made in 2005 will show the increased fee and lower reimbursement rate.

CIGARETTE AND TOBACCO PRODUCTS TAXES

2. New invoice requirement

Beginning September 27, 2004, cigarette and tobacco products wholesalers and distributors must include this statement on their invoices for the sale of cigarettes and tobacco products: "All California cigarette and tobacco product taxes are included in the total amount of this invoice."

This requirement does not apply to sales by original importers to licensed distributors. For more information on sales by original importers, you may wish to refer to our December 2002 newsletter. See www.boe.ca.gov/news/pdf/excisenews12-02.pdf.

The new invoice statement is required by Assembly Bill 3092 (Stats. 2004, ch. 822). For more information, see our June 2004 newsletter. It's on our website at www.boe.ca.gov/news/pdf/Excise-6-04.pdf.

3. Tax stamps required for all packages of cigarettes

Before you distribute a package of cigarettes, you must place a tax stamp on it. If you are not sure whether your product qualifies as cigarettes and requires a stamp, please keep in mind how the law defines "cigarette."

Under the Revenue and Taxation Code, a cigarette is a roll of any size or shape, intended for smoking, that

- Includes any tobacco, flavored or not, and
- Is wrapped in paper or another material.

Exception: Products wrapped in tobacco or with a cover made mostly of tobacco are *not* considered cigarettes when they weigh more than three pounds per thousand.

Please remember that it is illegal to place a tax stamp on any cigarette package unless the manufacturer and brand family are listed in the California Attorney General's Tobacco Directory. See <http://ag.ca.gov/tobacco>.

(over)

4. Reporting suspected tax evasion

Cigarette and tobacco products tax evasion is a serious crime that hurts honest taxpayers. To report suspected tax evasion, please

- Call our Tax Evasion Hotline: 888-334-3300.
- Call our Investigations Division: 916-324-0105.
- Fax us anonymously: 916-324-1578.
- Write us at
State Board of Equalization, MIC:42
P.O. Box 942879
Sacramento, CA 94279-0042
- Or use the anonymous online form found at www.boe.ca.gov/info/icomplaint.htm

EMERGENCY TELEPHONE USERS SURCHARGE

5. Emergency telephone users surcharge rate reduced

On November 1, 2004, the emergency telephone users surcharge was reduced to 0.65 percent of charges for services. The surcharge applies to charges for telephone service within California. The new rate will be in effect through October 31, 2005.

All Tax and Fee Programs

6. Civil behavior in trying times

Some observers have noted that civility is decreasing in our society as our lives become more complex. We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation.

Any statement made to a Board of Equalization employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

7. Ethics at work—"thank you" is enough

During the holiday season, many of you offer gifts to customers, suppliers, and others with whom you do business. We must ask, however, that you not extend your generosity to our employees. A simple "Thank You" or "Happy Holidays" will do—and will be much appreciated. Board of Equalization policy prevents our employees from accepting gifts of any type.

FOR MORE INFORMATION

Internet. Visit our website: www.boe.ca.gov for legislative summaries, regulations, meeting information, and more.

Information Center: 800-400-7115

TDD/TTY: 800-735-2929

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., M-F, except state holidays.

You may call anytime to order forms and publications (to leave a recorded request after hours or use the fax-back service, select the "24-hour automated services" option).

Excise Taxes and Fees Division

Write to us at:

Excise Taxes and Fees Division, MIC:56
State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0056

Or call us at 916-327-4208.

Tax Evasion Hotline. Call toll-free to report suspected tax evasion, 888-334-3300.

Taxpayers' Rights Advocate. Call toll-free for help with problems you have been unable to resolve at other levels, 888-324-2798.

Copies of Legislative Bills. Write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814. Or visit the following website: www.leginfo.ca.gov/bilinfo.html. Be sure to read the "chaptered" (final) version of the bill.

The Legislative Bill Room does not provide copies of Board forms or publications.